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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Assistance for the reconstruction and development of Lebanon

Report of the Secretary-General

I. Introduction

1. The present report is submitted in pursuance of General Assembly resolution 52/169 D of 16 December 1997. The report presents a review of selected developments in the field of reconstruction and development and covers the period from July 1997 to May 1998. The review has been undertaken from the particular perspective of recovery from a complex emergency. Following the completion of its emergency rehabilitation phase in 1997, Lebanon has been firmly engaged in a major reconstruction and development phase. The report first underlines issues in national security and related aspects, sequels of war, to be dealt with in relation to social reintegration. The report further emphasizes, in part V, the importance of strengthening the foundations for peace-building and development. The main body of the report deals with the evolving strategy and operational priorities of recovery. With respect to the latter, the recent economic performance is first reviewed. Secondly, progress of the reconstruction of physical infrastructure and with respect to capacity development is reviewed. Finally, aspects of financing the recovery programme are considered. Throughout, specific attention is paid to developments regarding the role of, and the support provided by, the United Nations system. A number of conclusions and recommendations are made in a final section. The emergence of Lebanon from the past period of conflict and the achievements and experience accumulated in recent years have been a considerable success, which merits the attention, and the increased and further support, of the international community. The approach to recovery and the experience gained in rehabilitation, reconstruction and development could indeed guide and inspire other countries engaged or about to engage in similar efforts.[1]

II. National security and social reintegration

2. The situation in southern Lebanon during the period under review was characterized by uneasy calm interrupted by scores of incidents, occasionally spilling over into areas to the north of southern Lebanon. The unstable situation in southern Lebanon – and, by extension, the deadlock in the Middle East peace process – has affected business confidence and constitutes a handicap for accelerated recovery and development in the immediate and near future. The non-implementation of Security Council resolution 425 (1978) has caused significant loss of life and suffering to the people and has been at a heavy cost to the economy. The

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effects of the decades-long instability and violence in southern Lebanon have hit the so-called security belt occupied by Israel, 1,100 square kilometres or about 10 per cent of the territory, particularly hard. The population of the 105 towns and villages in this area has been reduced to 120,000 residents, compared to 250,000 residents before 1978, and the economy of the area has been decimated. Apart from mainly subsistence agriculture, there is scarcely any local economic activity at present. The United Nations Interim Force in Lebanon (UNIFIL) has provided security in the area where it is deployed and has assisted in meeting the basic medical and socio-economic needs of the population with the limited resources at its disposal, often in cooperation with other organizations of the United Nations. To support the local presence and to restore the local potential, a number of United Nations organizations and international non-governmental organizations (NGOs) provide assistance for meeting immediate needs and for capacity development. The United Nations Children's Fund (UNICEF) completed a new wing of the public hospital in Tyr (beds and medical equipment for 25 rooms for 50 patients) in February 1998. The Fund has also been involved in health and water projects in southern Lebanon, with financing mainly from the Italian Government. The Food and Agriculture Organization of the United Nations (FAO) has extended assistance to rehabilitate farmers affected by the last emergency. Late in 1997, the United Nations Development Programme (UNDP), in cooperation with the Lebanese High Relief Committee, took an important initiative in support of southern Lebanon. A twin track support programme was developed, consisting of, on the one hand, small-scale local assistance (US$ 700,000 covering more than 30 projects), presently under implementation, and, on the other, the preparation of a comprehensive plan for the reconstruction and development of the local-level potential.

Clearing of landmines

3. Landmines continue to pose a threat to the population. According to Army statistics, 727 minefields and suspected areas were located, of which 260 were so far cleared by the Army as at June 1998. Army sources revealed that, between 1990 and 1997, 480 people had been killed or injured, including 134 dead and 249 injured civilians. In 1995, the international community identified Lebanon as a country with more than 100,000 land mines planted in its soil. Lebanon did not sign the Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction at the end of last year because of continued Israeli occupation of the south and Israel's refusal to sign the Convention. It was reported in mid-November that the State Department of the United States of America formally approved the request of Lebanon to receive technical and financial assistance to locate and remove landmines scattered throughout the country. The assistance would be provided under the United States Humanitarian Demining Programme. Before the start of operations, a detailed site survey would be undertaken to establish exactly what is required. The Government decided in May 1998 to establish a National Demining Office, through which the Lebanese Army and other concerned ministries (Defence, Health, Environment, etc.) will cooperate in completing demining operations throughout the country.

Return and reintegration of displaced persons

4. Progress with respect to the return and the rehabilitation of displaced persons continued to be held back by lack of adequate resources. According to a comprehensive statistical report published by the Ministry for the Displaced early in 1998, the Fund for Displaced Persons spent a total of 777 billion Lebanese pounds (LL) on compensation to squatters and the displaced and on renovation and infrastructure work and political reconciliation between 1993 and 1997. Of the total, LL 708 billion was paid to individuals and the balance for infrastructure projects and the removal of rubble. At the end of 1997, 90,000 families throughout the country had benefited from the assistance of the Central Fund for Displaced Persons, including 56,000 families in Mount Lebanon. To complete the remaining 70 per cent of the return plan, an amount of LL 1,800 billion is required. Eight years after the end of the war, it is essential that normal conditions be restored in the affected areas and that the return and rehabilitation of displaced persons be completed soonest. This would require stepped-up efforts to reconstruct public infrastructure and to create attractive employment opportunities in these areas. The United Nations Development Programme and the United Nations Volunteers (UNV), in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other United Nations organizations, have continued to support the Ministry of the Displaced and the return programme. The second phase of the UNDP/UNV project for socio-economic rehabilitation of displaced persons through the implementation of an integrated development programme was approved and initiated in March 1998 (three years, US$ 2.75 million, including US$ 2 million from the Government of Lebanon and US$ 500,000 from the Government of Norway). The programme focuses, in particular, on 11,600 families in four cluster areas in Mount Lebanon. Support will

be provided to coordinate rehabilitation and development activities, which consist of strengthening education and health facilities and services, training of farmers, the creation of employment opportunities and small enterprise development.

Drug control

5. Nearly five years after effective clamping down of activities by Lebanese law enforcement agencies, "Lebanon appears to have won the fight against illicit crops cultivation" (*Report of the International Narcotics Control Board for 1997*). The war against illicit crop cultivation may not have been won yet, however. Alternative development programmes aimed at restoring a secure income source for the local population have remained grossly underfunded (see below). Lebanese officials have been critical of donors in this respect. Moreover, at the end of 1997, Parliament enacted a law granting amnesty to individuals convicted of drug-related crimes committed prior to 1 December 1995. Passing of this law was critically viewed by the media and civil society; the fact that a recent law increased the sentence for future drug crimes was considered insufficient. Also in 1997, the banking sector agreed on a convention to prevent and combat money laundering, mainly through sensitization and training of all bank personnel, monitoring and investigation and the setting and enforcement of sanctions.

Culture and development

6. To integrate culture in development assumes particular importance in the multicultural society of Lebanon. One important dimension relates to drawing lessons from the war and building on reconciliation to create a culture of peace and development. To achieve the integration of culture in development, it is also important that the country's cultural heritage be preserved and developed, that, *inter alia*, work on archaeological and historical sites be intensified, that ongoing curriculum reform include teaching of a common history, common values and civic education and that the arts and popular culture be supported. Landmark events were the reopening of the National Museum after its closure during the war period, the launching of an international campaign to save Tyr and the agreement between the Government of Lebanon and UNESCO, early in 1998, to establish the International Institute for Human Sciences in Jbeil (all UNESCO-supported activities).

III. Evolving recovery strategy

7. The national recovery strategy is based on economic stability and aims at providing the infrastructure for the private sector to lead the re-emergence of Lebanon as a regional centre. The Government has continued to vigorously pursue this strategic objective during the review period. Since 1993, the Government has successfully maintained economic stability, which has been a major achievement and has fostered national recovery. Recent recovery efforts have continued to focus mainly on basic infrastructure and have confirmed the increased importance of investment in the broad social sector and in the environment. Reconstruction activity has been constrained by the weak capacity of the public administration and government counterpart funding. Consequently, the Government has increasingly relied on participation of the private sector. During the period under review, concerns about continued slack economic performance and accompanying difficult social conditions (including wide socio-economic disparities) led to the implementation of the new economic orientation, decided upon by the Council of Ministers in March 1997 according to the broad lines set out below. In addition, the major development at the economic policy level has been the increased resolve of the Government, in cooperation with Parliament, to address the structural problems and rigidities of the fiscal situation and to put in place an effective policy of austerity (see public finance in part IV below).

8. The new economic orientation aims, first, to promote private sector investment and eliminate all obstacles to investment by Lebanese and foreigners. In May 1997, the Government decided to execute a support programme for industrial, agricultural and tourism enterprises (LL 24 billion in interest subsidies). With a view to attracting foreign investment, the modernization of commercial legislation and the preservation of intellectual property rights were promoted during the review period. The Ministry of Economy is in the process of preparing a new law on intellectual property rights.

9. The second goal of the new orientation is to protect agriculture through limiting imports of competing agricultural products and to select and protect competitive industries that have an export potential. In a bid to revigorate the agricultural sector and agriculture-based industries, the Government banned imports of certain products; allowed imports of others only during certain periods; allowed imports of products needed by local industries; and raised tariffs on imports of products. The new regime took effect on 1 November and was expected to immediately reduce

agricultural imports by 10 per cent. A wide-ranging agricultural development programme to accompany the above measure was announced in July 1997. Indeed, restoring competitiveness should mainly come from a major drive to expand irrigated agriculture, to make agricultural credit available and to overhaul agricultural marketing processes. A new policy to promote and develop industrial zones developed by the Investment Development Authority of Lebanon is being implemented. A number of strategically located industrial zones in different areas of the country will be created. Action to rehabilitate and develop the Lebanese Standards Institute (LIBNOR) and the Industrial Research Institute has been prepared and will be implemented in 1998.

10. Balanced regional development, the third goal of the new orientation, became the focus of national debate as a consequence of the eruption of social unrest centred in the Baalbeck-Hermel area in the summer of 1997. The Government took a number of initiatives to deal with the plight of peripheral rural areas. In late 1997, Parliament approved the implementation of a priority programme for the Baalbeck-Hermel area, amounting to LL 150 billion and comprising agricultural credit, road building and specific projects, with an immediate return. An amount of LL 50 billion for the rehabilitation and development of the road network of Baalbeck-Hermel and Akkar was effectively allocated for disbursement in 1998. In addition, the pace of ongoing and planned reconstruction activities in these areas was stepped up.

11. During the period under review, the Government decided to address the issue of globalization and took a strategic move in this direction in May 1998. The approval of a draft law to join the World Trade Organization (WTO) as an observer and the decision to carry out the economic and social council programme of the League of Arab States towards the establishment of an Arab free trade zone (under WTO rules) will profoundly influence national economic and social policies in the medium term. In February 1998, Lebanon and Syria reached agreement, in principle, to gradually reduce customs tariffs on locally produced industrial goods by 25 per cent annually, starting 1 January 1999. The agreement can be considered as a first concrete step towards a common market (of 20 million consumers) between the two countries and, ultimately, towards the establishment of an Arab common market. A similar agreement with Egypt was approved by the Council of Ministers in May 1998. Negotiations between the Government of Lebanon and the European Union to implement the Euro-Mediterranean partnership, proclaimed in Barcelona in 1995, have continued during the review period. A number of issues remain to be settled in the case of Lebanon, including the gradual elimination of customs tariffs and the amount of financial assistance offered. The called-for alignment of tariffs, to be implemented over 12 years, would slash the country's income by a total amount of 5 per cent of its gross domestic product (GDP) at the end of the transition period. The latter underscores the urgency and importance of implementing major fiscal adjustment.

IV. Operational priorities of recovery

Economic management

Economic performance

12. Towards the end of the third quarter of 1997, it became evident that the country's economic performance would be sluggish for the second year and that there was considerable slippage with respect to meeting the target of the public deficit. This led to increased concern about the levels of internal debt and total debt and the implications for servicing the debt. These developments and the potential effect of the Asian crisis on the country's standing on international capital markets affected business confidence and led to strong pressure on the Lebanese pound. The above development led the Government to adopt and strictly enforce an austerity policy, within which the reconstruction programme would be implemented and socio-economic problems would have to be resolved. Economic growth is estimated by the Ministry of Finance at 4 per cent in 1997 (GDP US$ 15 billion), compared to 7.5 per cent annually between 1992 and 1995 and 4 per cent in 1996. The rate achieved in 1997 was insufficient to increase the purchasing power of households, to produce new business investment or to adjust public finances. Continued moderate economic growth in 1997 was due to the stalemate in the regional peace process and domestic issues, including continued escalation of debt, pressure on the Lebanese pound and issues of governance. In the beginning of 1998, economic activity was off to a slow start, but has gradually picked up, as shown by the composite indicator of economic activity published by the Central Bank.

Money and banking

13. The monetary and financial situation during the period under review became more sensitive because of the lack of agreement, until 20 November 1997, among policy makers on national economic objectives and how to address them within the constraints of sound fiscal management (1998 budget). Foreign investors and residents opted out of the Lebanese pound, which led the Central Bank to intervene in

the currency market in a strong and sustained manner to maintain the Lebanese pound within the very limited margin of fluctuation tolerated. Friendly Arab Governments came to the rescue and supported the Lebanese pound by depositing US$ 600 million at the Central Bank at the end of December 1997 and, subsequently, a total of US$ 200 million in January and May 1998. As a result, the balance-of-payments showed a surplus of US$ 420 million at the end of 1997. Net capital inflows of US$ 5.8 billion cushioned the trade deficit. The Lebanese pound appreciated 1.6 per cent against the dollar in 1997. In the first quarter on 1998, concern about the state of public finance and the fiscal performance remained and was translated in continued pressure on the Lebanese pound. Net foreign currency reserves of the Central Bank dropped as a result of interventions in the market from LL 3.07 billion in December 1997 to LL 2.54 billion in March 1998. To counter the demand for dollars, the Central Bank swapped short-term treasury bills to one to two-year treasury bills. The balance-of-payments registered a deficit of US$ 155.6 million in the first quarter of 1998. The Central Bank has been confident that the difficulties experienced will be only of a temporary nature, an assessment that appeared to receive a favourable response from the international financial community.

14. The performance of the banking sector in 1997 confirmed the optimistic expectations concerning its increasingly important role in reconstruction and development. This resulted from further improvements in its professional standing and further increases in capital, in particular through opening up to the capital market. Banks were also increasingly active with respect to medium-term credit programmes. Total bank deposits increased to LL 38,800 billion (by 23 per cent) at the end of 1997 and LL 40,000 billion in March 1998. During the period under review, there has been a continued drive to expand financial markets, particularly the issuance of international debt and equity instruments by both the public and the private sector. At the end of March 1998, US$ 3,552 million had been issued, US$ 2,050 million by the Government and US$ 1,502 million by the private sector, the near totality by banks.

Public finance

15. As indicated above, in the third quarter, investors started to act on their concerns over the fiscal situation. The budget deficit stood at more than 50 per cent and public debt at almost 90 per cent of GDP. To cover the increasing public deficit, the Government continued to have recourse to borrowing in local currency at high interest rates, but also had to draw on its own deposits. The Government also rolled over US$ 400 million of short to medium-term foreign credit by placing a new Eurobond issue for the same amount, for a 10-year period, in October. The country's three top leaders agreed on 20 November on a fiscal blueprint of austerity measures that would extend over a period of three to six years. The package included a list of 28 measures aimed at increasing revenues through a series of new taxes, reducing expenditures and servicing the public debt.

16. Parliament passed the 1998 budget on 27 January 1998, with only minor amendments from the draft approved by Parliament on 3 October 1997. The 1998 budget reflects the emergence of a broad consensus on the importance of addressing the fiscal deficit, in particular through a comprehensive package of measures planned to raise revenues by more than 22 per cent. The latter, together with expenditure rationalization, represent a major step in dealing with the persistent fiscal problem. A key provision allowing the Government to borrow US$ 2 billion on the international capital market was retained and approved. The budget forecasts LL 7,320 billion in expenditures (LL 7,920 billion of total estimated treasury expenditures, for the first time including LL 400 million in carryovers and LL 200 billion for advances for municipalities) and LL 4,600 billion in revenues, implying a deficit target of 37.2 per cent and of 42 per cent against total estimated treasury expenditures, compared to an actual deficit of 59 per cent in 1997.

17. Government spending amounted to LL 9,162 billion in 1997, which was LL 2,729 billion more than planned. Government revenues reached LL 3,753 billion, which was LL 347 billion less than planned. Almost all the revenues collected in 1997 were consumed by debt service payments. The deficit represented 23.5 per cent of GDP (compared to 18 per cent of GDP in 1996 and 15.7 per cent in 1995). The budget deficit in the first quarter of 1998 amounted to 31 per cent, compared to 55 per cent in the corresponding period in 1997 – but there was a primary surplus on the budget of LL 207 billion compared to a primary deficit of LL 318 billion one year earlier. The first quarter showed a considerable improvement of public revenues, LL 1,024 billion compared to LL 797 billion one year earlier. The revenue-to-spending ratio was nearly 69 per cent in the first quarter, compared to 45 per cent in the first quarter of 1997. This fiscal performance is most encouraging and it is to be hoped that it will be continued; a conservative fiscal stance throughout the year would lead to achieving the planned reduction of the total deficit to 12 per cent of GDP.

18. Net domestic debt rose 37 per cent in 1997 to LL 18,379 billion, from LL 13,358 billion in 1996. Foreign debt rose to LL 3,627 billion (US$ 2.35 billion) in 1997, from LL 2,908 billion (US$ 1.77 billion) in 1996. Net public debt

increased by 35 per cent in 1997 and reached LL 22,006 billion in 1997, compared to LL 16,266 billion in 1996. In the first quarter of 1998, net public debt increased by 4 per cent to reach US$ 15 billion, of which 17 per cent was foreign debt (US$ 2.5 billion or about 16 per cent of GDP). This implies a deceleration of the growth rate of public indebtedness. Net public debt could soon reach 100 per cent of GDP on the basis of recent trends (hence, the importance of achieving increasing primary surpluses in the general budget). The Government raised US$ 1,000 million towards the restructuring of the public debt (reduction of debt service by US$ 80 to 90 million annually) on the international market at the end of March 1998. The issue was oversubscribed by 30 per cent, reflecting the strong interest of the international financial community and confidence in the country's medium to long-term future.

Reconstruction and development activities

19. In 1997 and the first semester of 1998, the emphasis of reconstruction and development efforts has been on the completion of the remaining rehabilitation projects, on the one hand, and the launching of major economic development projects, on the other. In addition, specific attention has been given to areas that are important for the medium and long-term future of the country. As such, there have been increased efforts to improve the capacity and performance of the education and health sectors. Major investments were made for the protection and management of the environment. Efforts to address regional disparities have been stepped up and, importantly, the programme to rehabilitate public administration came into its operational stage.

Contracts awarded

20. The programme and activities of the Council for Development and Reconstruction represent the large majority of reconstruction and development projects taking place in the country.[2] According to data published by the Council for Development and Reconstruction early in 1998, the total value of contracts awarded since the inception of reconstruction in January 1992 until end December 1997 stood at US$ 4,227 million (1,336 contracts), an increase of US$ 944 million since end September 1996. Just under US$ 2,000 million of the total value of contracts awarded was funded by foreign sources. The distribution of contracts awarded by main categories was 59.2 per cent for basic infrastructure and 14.3 per cent for public equipment sectors, 22.5 per cent for socio-economic sectors and 4 per cent for productive sectors and for management and implementation (the latter accounting for 3 per cent). The main sector of reconstruction activity has been electricity, which was allocated US$ 1,281 million or 30 per cent of the total. The other main beneficiary sectors were telecommunications (US$ 622 million), ports and airports (US$ 526 million), education (US$ 423 million), water supply and wastewater (US$ 398 million) and roads and highways (US$ 376 million). Between 1 October 1996 and 31 December 1997, a total of 205 contracts amounting to US$ 944 million were awarded, of which US$ 586 million was funded by foreign sources. This performance reflects an improvement over the past periods in committing foreign resources. The salient developments in the recent period has been the increased importance of the socio-economic sectors, particularly the education sector, and the water supply and sanitation sector. At end December 1997, contracts in preparation and planned to be awarded during the year 1998 amounted to US$ 1,400 million, which represents a contraction of the portfolio by US$ 500 million compared to the situation at end September 1996. Of the total, US$ 593 million (42 per cent) were in the water supply and sanitation sector and US$ 217 million (16 per cent) in the roads and highways sector. Other sectors in which projects in preparation were relatively important were solid waste, management and implementation, public health and government buildings, each between US$ 100 million and 80 million. This confirms the gradually increasing importance of the socio-economic sectors vis-à-vis basic infrastructure and equipment, in which the emphasis is shifting to roads and highways. In the broad socio-economic sector, the rapidly increasing importance of the environment sectors in reconstruction activity is emphasized.

Contracts completed

21. Nine hundred and forty-eight contracts with a value of US$ 932 million were completed between January 1992 and end December 1997. The sectoral distribution of completed contracts was electricity (39.9 per cent of total), telecommunications (14.8 per cent), education (10.3 per cent), management and implementation (9.6 per cent) and roads and highways (8.7 per cent). On the whole, completion of projects in progress in the different sectors was close to the average rate, with the exception of a better performance in telecommunications (79 per cent) and a lesser performance in education (24 percent), the latter reflecting the start-up of a major development programme. During the period from 1 October 1996 to 31 December 1997, 150 contracts valued at US$ 369 million were completed. Completed contracts were mainly in the basic infrastructure sector, namely electricity (US$ 143 million), telecommunications (US$ 106 million) and roads and

highways (US$ 60 million). At 31 December 1997, 386 contracts, valued at just under US$ 3,300 million, were in progress with a completion rate of 48 per cent.

22. A selected number of projects completed in 1997 and early 1998 are listed below; a full review of the performance with respect to reconstruction and development may be found in the Progress Report of the Council for Development and Reconstruction of January 1998.[3] In the electricity sector, the major rehabilitation programme has been completed and electrical power is now available on a round-the-clock basis on the main parts of the network. The first gas unit of each of the two combined cycle power plants at Zahrani and Beddawi was completed and put in service in July 1997 (300 megawatts). The second gas unit of similar generating capacity was completed early in 1998; it will be operated at full power upon completion of the extension of the transmission network at the end of 1999. In the telecommunications sector, installed digital telephone exchanges and optical fibre transmission systems covering 980,000 lines were completed and the related local distribution network is nearing completion. Two private companies operate a cellular phone network under a build-operate-transfer (BOT) arrangement, which had 250,000 subscribers at the end of 1997. The new eastern wing (150,000 m2) of the airport terminal was completed in mid-December and was put into operation in March 1998. The rehabilitation of the road network in the suburbs of Beirut was completed. With respect to public transport, the rehabilitation of the Charles Helou bus station (central Beirut) was completed and inaugurated in September. Twenty-seven service lines involving a fleet of 225 buses became fully operational in greater Beirut and between Beirut and coastal cities. The stadium of the Beirut sports city was reconstructed and other facilities will be completed by summer 1998. The National Museum was formally opened on 21 November after 22 years of closure. New regional hospitals were constructed and completed in Tannourine, Rashaya and Nabatiyeh; six others are under construction in addition to the major Beirut public hospital. In addition, 14 new health centres are under construction.

Reconstruction of Beirut city centre

23. Significant progress was made by Solidere, a privately-held company entrusted with the reconstruction of Beirut city centre, towards completion of basic infrastructure and public services and the rehabilitation of historical and other buildings. Infrastructure works in the central district were 90 per cent complete at the end of December, nearly a year before the deadline, despite delays caused by archaeological finds and the evacuation of displaced persons and illegal residents. The main road network of the Beirut central district was completed and opened to the public in December. An additional US$ 10 million will be needed for further excavations and preservation of archaeological finds.

Capacity development and technical cooperation

General

24. The importance of capacity development activities is not adequately reflected by their financial cost, but rather by their impact on policy-making, programme development and performance, operational efficiency and so forth. Efforts towards improved coherence and coordination between infrastructure development and capacity development are required and strongly supported. The present section reviews selected developments and progress in national capacity development, with specific reference to technical cooperation by the United Nations system and a focus, in particular, on those areas of collaborative action of the United Nations system.

Basic data development

25. The review period witnessed important developments with respect to the re-establishment of the country's basic database. Support for these activities came from a concerted effort from the United Nations system. The United Nations Development Programme continued to provide support for the rehabilitation of the Central Administration for Statistics and its programme of basic statistics. A report on the 1994–1995 economic accounts was published in October by the Central Administration for Statistics in cooperation with UNDP. The results of the labour force and manpower surveys, undertaken by UNDP and the International Labour Organization (ILO) in support of the Ministry of Labour, were released in December. Within this context, the Ministry of Labour announced the opening of the first employment office in Beirut to connect vocational and other education with the labour market (to be generalized in the regions). The results of the first round of the agricultural census undertaken by the Ministry of Agriculture with technical support from FAO and funding from the World Bank were announced in December. The second stage of the agricultural census will result in the creation of a nationwide agricultural database on people involved in the sector. The results of the national Living Standard Measurement Survey, undertaken by the Central Administration of Statistics, with financial and technical support from UNDP, were released in February 1998 (results for the Baalbeck-Hermel districts and for the

Akkar district were published separately in November 1997 and April 1998, respectively). Results of the national household survey undertaken in 1997 are being processed and expected to be published in mid-1998; they will enable the establishment of a national cost-of-living index by the end of 1998. A household survey of health expenditure, supported by the World Health Organization (WHO), will be completed in 1998. The re-establishment of basic data at the national level has yielded a wealth of information and has led to a number of initiatives to meet the considerable challenge for the rational exploitation and efficient management of the data (supported by the United Nations system). One important application pertained to the implementation of a survey and mapping, by the Ministry of Social Affairs with support from UNDP, of unmet basic needs in the different regions of the country – to be the basis for a strategy to improve living conditions of disadvantaged population groups. The establishment of a number of databases, using modern information technology, is envisaged or already ongoing. The outcome of these efforts, with the support and cooperation of the United Nations system in the country, will be a strong, reliable basis for better informed decision-making and for new policy initiatives and operational activities. In this connection, a project agreement on Population and Development Strategies was approved by the Ministry of Social Affairs and the United Nations Population Fund (UNFPA) in August 1997.

Administrative rehabilitation and reform programme

26. During the period under review, UNDP has continued to provide support to the Office of the Minister of State for Administrative Reform for the implementation of the National Administrative Rehabilitation Programme and for the formulation of a strategy to reform and modernize public administration within a long-term perspective. The Programme provides direct support in terms of the implementation and coordination units entrusted with the implementation of both programmes. Under the National Administrative Rehabilitation Programme, work methods are modernized and modern office and information technology packages are introduced, along with staff training on office productivity tools (in the past two years, 35 government institutions were supplied with state-of-the-art office and information technology and staff benefited from training). The salient example of rehabilitation of the capacity in the public sector is the Ministry of Finance, which has been engaged in a wide-ranging effort to review and upgrade work methods and establish efficient and transparent systems, with support from the World Bank, UNDP, Canada, France and the Netherlands. In early April 1998, the Minister of State for Finance announced the introduction of a bold plan to reconstruct the tax system and to widen the tax base. Considerable efforts were made during the review period to rehabilitate the capacity of public services institutions (particularly electricity and telephone) and to evaluate and consider alternatives for their institutional development, including options for the introduction of private sector management and privatization. Support for reform and modernization includes the revision of organizational mandates and structures of government institutions, the revision of human resource management systems and frameworks (job classification and remuneration of civil servants, provision of expert advice and information and communication). Support provided in the preparation of a consolidated salary scale for public servants came nearer to fruition. Following two years of discussions and consultations, the Government approved, in April 1998, the new consolidated salary scale for public servants (it is expected to be considered by Parliament for approval in summer 1998). To meet the resulting annual increase in expenditure, the Government increased customs tariffs by 2 per cent on all imported products and imposed an extra tax of 10 per cent on imported cigarettes and tobacco, effective end April 1998.

Basic education and human resources

27. The most immediate challenges for Lebanon to overcome in the field of education are illiteracy and the high drop-out rate at the primary school level; overcoming these problems will require better equity, guaranteed access to, and improved quality of, education. The results of a UNESCO/UNICEF survey on education achievement in the tenth grade (troisième) were published by the Education Research and Development Center in 1997 (results of a similar survey at the primary level were published in 1996). The United Nations system has provided a coherent response in supporting a two-year programme of rehabilitation of basic education, agreed upon in February 1997. The programme (US$ 2 million) is executed by the Centre for Education Research and Development and supported by UNDP/UNESCO and in cooperation with UNICEF. Support has been provided in overall management of the reform programme, school mapping, introduction of technology in education management and training, curriculum reform and its introduction, in particular the inclusion of health, environment and civic education components and related teacher training. The assistance will be complemented by pre-investment support from the World Bank in 1998, which, together with the above, will lead to the implementation of

an education sector reform and development project, to be financed by the World Bank. The rehabilitation of the Centre for Adult Vocational Training in Dekwaneh, financed by UNDP and the Government of Lebanon and executed by ILO, was completed in 1997. A major effort to prepare for the comprehensive development of the technical education and vocational training sector was completed during the review period with support from the World Bank, Germany and France, which will also contribute to the financing of the implementation of the programme. The first Technology Institute of the Lebanese University in Saida started operations in October; it was established with assistance from France and the Hariri Foundation.

28. Parliament and Government have continued their efforts to encourage Lebanese emigrants to return to the country and participate in the recovery process and to invest part of their financial resources in reconstruction projects (according to a recent study, close to 20 per cent of the population emigrated during the period from 1975 to 1994). A national conference of Lebanese emigrants, held in March 1988, recommended, *inter alia*, the creation of a national fund for the implementation of specific projects; and a census of all emigrants and the establishment of a database to regroup them by specialization and competence. The Council for Development and Reconstruction, with support from UNDP, continued the implementation of the project on Transfer of Knowledge Through Expatriate Nationals (TOKTEN), which has met with increased interest and success during the review period.

Basic health

29. A major programme for health sector reform and development was initiated in 1995 with the financing of the World Bank and policy and specialized technical support from WHO. The programme aims at rehabilitating and strengthening the institutional and human resources capacity of the sector, bolstering basic health care through establishing a nationwide integrated primary health care system, generalizing health insurance and rationalizing health sector financing. During the review period, there was limited progress in implementation, which is to be stepped up. UNFPA assisted the Government in developing a reproductive health programme, which aims at achieving the reproductive health goals by the year 2001 (US$ 7 million over a period of 4 years; US$ 1 million was donated to Lebanon through the United Nations Foundation Inc. in May 1998). The programme, which will be implemented in cooperation with the Ministries of Health and of Social Affairs, concerns the integration of reproductive health, including family planning and sexual health services and information into the primary health care system. The objective is to maximize access to quality reproductive health services and information.

30. Significant achievements were made during the review period with respect to basic health care, which is an important focus of United Nations system activity in the country. The common programme support focus was on improving the access to, and the quality of, health care systems, with a special emphasis on under-served regions and groups, on the one hand, and on improving key indicators of primary health to meet national and international targets, on the other. Cooperation activities in support of basic health care have involved considerable advocacy work for more government attention, and allocations, to primary health care in general, but have yet to show tangible results. Policy advice and technical support were provided by WHO, UNICEF and UNFPA to improve the basic/primary health care system and programmes, within the context of the national health sector rehabilitation project. Under this project, NGOs become partners in the delivery of a nationally agreed upon package of primary health care. The first stage under implementation comprises 10 public and 20 non-governmental organization centres (the final target is a network of 100 primary health care centres). In addition, operational activities to improve the quality of health care services were carried out at two levels, first improving the physical set-up of primary health care outlets and, second, building the capacity of the personnel working in these outlets. In 1997, the World Bank, WHO, UNICEF and UNFPA supported the rehabilitation of selected health centres for the initiation of the primary health care programme. Basic mother and child health equipment was provided to 50 health centres of the Ministries of Public Health and Social Affairs and of NGOs located in under-served areas and in the Israeli-occupied South. Also, a national strategy and action plan for nursing was established by WHO and UNICEF to meet the needs of qualified nursing personnel in the primary health care network in under-served areas (a study had revealed that only 17 per cent of primary health care facilities had qualified nurses). Similarly, a plan of action was prepared for upgrading the services provided by midwives working outside hospitals (responsible for 15 per cent of all deliveries in the country).

31. Highlights of 1997 concerning subprogrammes of primary health care – supported by mainly UNICEF, WHO and UNFPA – include improvements with respect to overall infant and child mortality levels, achievements in combating iodine deficiency disorder (IDD) and the sustained control of vaccine-preventable diseases. Lebanon is well on its way

to achieving the year 2000 goals set by the World Summit for Children, some of which have already been attained. The most recent data available reveal that, at the national level, the infant mortality rate has decreased to below 28 per thousand (goal 25 per thousand and, in under-served areas, 35 per thousand). However, significant regional disparities continue to exist. Child mortality is two to three times higher in under-served areas such as north Lebanon, southern Lebanon and the Bekaa as compared with Beirut and Mount Lebanon. With respect to immunization, the national coverage was maintained well above the target level of 90 per cent for under-ones for the five antigens. In addition, two new vaccines – measles, mumps and rubella vaccine (MMR) and the combined diphtheria/tetanus vaccine (dT) – were introduced into the national immunization calendar in 1997. A joint plan was developed with special focus on two districts with low coverage. The result of this effort was satisfactory as the 80 per cent goal was achieved in 1997. For the third and fourth consecutive years, national immunization days were organized by the Ministry of Public Health in cooperation with the Ministry of Social Affairs, with support of UNICEF and NGOs, in an effort to eradicate polio. Two rounds of vaccinations were organized in 1997 and 1998 for all children under five years of age. More than 90 per cent of the targeted 375,000 children were vaccinated. Only very few cases of neonatal tetanus, all in high-risk areas, occurred in 1997, which means that Lebanon has continued to maintain elimination status. For measles, the immunization coverage reached about 90 per cent in 1997, thus paving the way for designing a plan for measles elimination in 1998.

Environment

32. There has been increased environmental awareness during the review period. Environmental issues continued to hold the attention of the Government and the public. Notwithstanding the many initiatives and considerable efforts deployed by the Ministry of Environment, operating in harmony with civil society and with support of the United Nations system, progress on major environmental problems such as solid waste management and quarries appears to be slow. Capacity development in the environment sector has been a major growth area of United Nations system activity. To support capacity development within the Ministry of Environment and in concerned institutions, a two-year capacity-building project for training, technical assistance and strengthening environment management was approved by UNDP in 1997 (US$ 650,000). Support for the preparation of a new code of environmental and environmental impact assessment law has been continued by both UNDP and the World Bank. A new role for the Ministry of Environment was approved. In parallel, UNDP continued the Sustainable Development Network Programme project linking ministries, other public institutions, NGOs and private citizens interested in information on the environment. UNDP also supported local initiatives in the field of recycling of garbage and environmental awareness.

33. The Government also took initiatives to deal with the national implications of global environmental issues. In addition to the ongoing biodiversity management project, a one-year project for establishing a strategy for safeguarding biodiversity funded by the Global Environment Fund was initiated in 1997. Five projects (amounting to more than US$ 2 million) dealing with replacing technologies that harm the ozone layer, funded by the Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer and implemented by the United Nations Industrial Development Organization (UNIDO), were undertaken in the review period. The establishment of an ozone office, with support from UNDP, was approved in 1997. Within the context of the United Nations Framework Convention on Climate Change, a two-year project on global warming, funded by the Global Environment Facility (GEF), was initiated in August 1997. The project includes the preparation of an inventory of greenhouse gas emissions from different sources; assessment of Lebanon's vulnerability to climatic change; and an investigation of ways and means to reduce greenhouse gas emissions from the country and the impact of these measures on the national economy. A national report inventorizing greenhouse gases was completed by the Ministry of Environment in April 1998. A programme to phase out lead pollution was prepared and is under consideration by the Government. Finally, in the field of combating desertification, a framework document was prepared by the Ministry of Agriculture with the support of UNDP and the Office to Combat Desertification and Drought (UNSO) and project assistance (US$ 270,000) was approved by UNDP. Civil society action supported initiatives of the Ministry of Environment with respect to a number of other main environmental issues, including collection, processing and disposal of solid waste and of dangerous and toxic waste, quarrying, forest fires, use of asbestos pipes and promotion of renewable energy.

Regional development

34. The two-year Regional Development Programme of Baalbeck-Hermel, to which UNDP contributes US$ 1.25 million, the United Nations International Drug Control Programme (UNDCP) (European Union contribution) US$ 1.65 million and government cost-sharing US$ 4 million,

was initiated mid-1997. The programme is active in the following focus areas: strengthening of local government structures (municipalities) and civil society organizations (cooperatives, local community committees and non-governmental organizations); execution of small-scale infrastructure projects; and initiation of regional development studies. France and Italy will support the execution of water and irrigation projects. The UNDCP component of the programme focuses on activities in the health and education sector. Within this context, the WHO prepared a regional health development plan to include support for the operation of four new health centres and two existing ones, as well as upgrading a range of public health care services. The United Nations Children's Fund cooperates in providing support for mother and child health care projects. The United Nations Educational, Scientific and Cultural Organization will assist in 1998 in the preparation of a regional development plan for education. A simila plan for employment will be formulated by ILO in the middle of 1998. The United Nations Development Fund for Women (UNIFEM) provides training assistance and counselling for women to start and develop their own business (also in other regions of the country). It is to be noted that during the review period the region has started to benefit from investment projects implemented with World Bank and International Fund for Agricultural Development (IFAD) financing (livestock and irrigation development) and from projects implemented with United States Agency for International Development (USAID) financing (livestock development and village cluster rural development programme). Finally, within the context of support for balanced development, the Council of Ministers approved in mid-April 1998, LL 68 billion to execute a number of drinking water supply projects in the region of Baalbeck-Hermel.

Financing of recovery

35. The government strategy to finance the reconstruction and development of the country and the revival of the economy has been based on increased reliance on growing public revenues; continued recourse, albeit slightly declining, to domestic borrowing; greater mobilization of foreign concessional financing; and major expansion in the role of the domestic and foreign private sectors through foreign direct investment. As indicated above, increased austerity in the public budget has affected the availability of counterpart funding for externally financed projects and the implementation (schedule) of priority projects. Capital expenditures in the public budget dropped from 13 per cent in 1996 to 8 per cent in 1997 and 9.5 per cent in 1998. The Government has explored the possibility of mobilizing resources for priority development projects through new taxes and fees and has continued to borrow on the international market within the limits approved by Parliament (in June 1997, DM 250 million for the displaced and for electrical rehabilitation). The Government has continued to promote the role of the private sector in financing the recovery process, including through developing the financial market and entrusting the implementation of major projects to the private sector (the country's private and public sectors had raised a cumulative total of US$ 2.7 billion on the international capital markets by the end of 1997). This included support from multilateral programmes for private sector development. Since 1993, the International Finance Corporation has built a portfolio of 17 projects with a total value of US$ 666 million covering three main sectors: capital markets, construction materials and infrastructure. The Arab Inter-Trade Finance Programme enables Arab banks to obtain and pass on loans (up to five years) to finance trade and export-oriented projects. The total credit line amounted to US$ 60 million in March 1998, benefiting 10 local banks.

36. Under the circumstances, the only effective way to enhance economic performance and national recovery in the review period was to speed up the preparation, commitment and implementation of externally-funded projects. In this respect, as will be evident below, the Government has continued its efforts to mobilize friendly Governments and international investors. Increased bilateral and multilateral support, both financial and technical, in follow-up to the Friends of Lebanon Conference and the reconstruction and development programme in general is necessary to re-establish and develop the country's potential and to loosen constraints and break bottlenecks. Strong support is expressed for continued grant funding and concessional financing from donors to meet the priority requirements of reconstruction and development. At the end of December 1997, total available foreign financing for reconstruction and development amounted to US$ 4,004 million, compared to US$ 3,600 million in July 1997, according to data published by the Council for Development and Reconstruction. Foreign financing consisted of 13 per cent grants, 37 per cent soft loans and 50 per cent other loans; these shares have remained stable in the past few years. More than 20 external funding sources contribute to the process of reconstruction and development. Six account for more than two thirds of total resources: European Union/European Investment Bank (17 per cent), World Bank (15 per cent), Arab Fund for Economic and Social Development (13 per cent), Saudi

Government/Saudi Development Fund (10 per cent), Italy (8 per cent) and France (7 per cent). The sectoral breakdown of available foreign funding was mainly for electricity (33 per cent), education (12 per cent), sanitation (11 per cent), water supply (9 per cent) and management and implementation (6 per cent).

37. Between 1 October 1996 and 31 December 1997, US$ 879 million in new financing was mobilized, consisting of US$ 119 million in grants, US$ 388 million in soft loans and US$ 377 million in other loans. New foreign funding that became available in this period was mainly for electricity (US$ 158 million), water supply and sanitation (US$ 142 million) and management and implementation (US$ 121 million). New contributions originated mainly from traditional bilateral and multilateral sources. Bilateral donors which provided additional financing included Kuwait (US$ 66 million), France (financial protocol of US$ 43 million), Italy (financial protocol of US$ 44 million), Spain (financial protocol of US$ 105 million), Germany (protocol agreement of US$ 7 million) and Japan (US$ 103 million). Multilateral donors which provided new financing included the Islamic Development Bank (US$ 95 million), the World Bank (US$ 102 million loan and US$ 100 million loan guarantee), the European Investment Bank (US$ 148 million), the Arab Fund for Economic and Social Development (US$ 140 million), IFAD (US$ 12 million) and the Organization of Petroleum Exporting Countries Fund for International Development (US$ 4 million). In addition to the above (resources not channelled through the Council for Development and Reconstruction), China confirmed approval of financing amounting to US$ 7.6 million, the United States of America a loan of US$ 6.5 million (agriculture) and a loan of US$ 12 million for an assistance programme for economic reactivation of rural communities and support for administrative reform.

38. New commitments of the United Nations system in 1997 (excluding the World Bank) amounted to about US$ 25 million, of which US$ 15 million relate to the initiation of a new five-year cycle of country cooperation frameworks of funding organizations (UNDP, UNFPA, UNICEF). The country cooperation frameworks are ultimately expected to result in the implementation of a total programme target of more than US$ 50 million (including government and third party cost-sharing). Other commitments pertain to biennial and annual programmes of the specialized agencies and development organizations. In terms of delivery in 1997, it is estimated that the United Nations system, excluding the World Bank, disbursed about US$ 15 million and managed about US$ 25 million of total resources (including cost-sharing). The United Nations Resident Coordinator has continued to play a supporting role in sensitizing donors and in mobilizing resources for priority needs of national reconstruction and development, in particular for technical cooperation programmes. Disbursements of the United Nations system (including technical assistance of the Bretton Woods institutions) represented 5 to 7 per cent of total external assistance (grants and soft loans) in recent years (about US$ 15 million annually). Estimates for 1997 indicate disbursements of about US$ 12 million. When considering technical cooperation specifically, United Nations system assistance represents about 15 per cent of the total.

39. The World Bank had 12 loans totalling US$ 667 million and a credit guarantee of US$ 100 million under implementation as of end March 1997. Cumulative disbursements amounted to US$ 176 million at end March 1998 (of which US$ 39.2 million had been disbursed in 1997), which indicates a slow rate of project start-up and implementation. Consideration is to be given to measures to speed up approval and start-up of project operations and, in particular, to procurement. The World Bank plays a key role in supporting the national authorities at the overall decision-making level, in addition to providing technical support for loan preparation and sector development, and making financial resources available for investment in basic sectors.

40. The Council for Development and Reconstruction is pursuing, through bilateral contacts, financing possibilities with several of the above donors, which have expressed interest in providing further financing in 1998. An important pipeline of projects is under discussion and examination with the Islamic Development Bank, the World Bank, the Arab Fund for Economic and Social Development, Germany and Japan. The European Union's Mediterranean policy (MEDA), under which Lebanon will benefit from financial assistance amounting to US$ 115 million during 1998-1999, is expected to become fully operational in the summer of 1998 (it will benefit the rehabilitation of the public administration, investment sector planning, the Lebanese Standards Institution (LIBNOR), and will provide interest subsidies on loans of the European Investment Bank). In February 1998, the European Union approved US$ 500,000 for UNIFEM in support of family planning and increased work opportunities for economically disadvantaged women. The Government of Norway provided US$ 1 million to UNDP in the review period for the socio-economic rehabilitation of displaced persons and for additional surveys and studies on aspects of living conditions. Two protocols were signed in April 1998 with Italy (US$ 70 million, mainly for water and electricity projects) and a loan was signed with

the World Bank (US$ 63 million for technical education and vocational training).

V. Foundations for peace-building and development

41. Peace-building, reconciliation, reconstruction and development are strongly interrelated. Efforts towards these ends must be anchored in good governance, participation and democratization, as a basis for long-term stability.

Respect for human rights

42. Fundamental freedoms are essential for healthy relations between the State and civil society. These freedoms are protected by the rule of law, which must be strengthened and enforced. Donor assistance in the period under review has supported initiatives of civil society, particularly with respect to information, advocacy and training for human rights as well as rights-based development. The latter has been actively supported by organizations of the United Nations system, in particular with respect to the application and enforcement of international conventions and instruments. A particular focus has been on children and women. On 5 March, Parliament approved free and compulsory education at the primary school level – an issue that had been throughout the past year the focus of advocacy of the United Nations system, led by UNICEF, in cooperation with the Parliamentary Committee on the Rights of the Child. Subsequently, attention has focused on ways and means of applying and enforcing the law. This development adds to recent achievements with respect to the protection of children. Advocacy efforts in the review period have also targeted issues relating to child labour, juvenile delinquency and children victims of abuse. A national report on the child labour situation, supported by ILO, was published by the Ministry of Labour in November. The report indicates that almost 6,000 children between 10 and 14 years of year of age were employed (0.6 per cent of the labour force and 1.9 per cent of children in that age bracket). In January 1998, the Ministry of Labour issued a number of recommendations concerning labour of under-age children. The issue of women's rights figured prominently in action plans of the National Council for Women and different NGO groups. Several meetings were held on the application of the Convention to eliminate all kinds of discrimination against women in Lebanon. In March 1998, the Minister of Justice indicated the commitment of the Government to abolish all forms of discrimination against Lebanese women. The issue of violence against women emerged in early 1998; a Council to Combat Violence against Women (non-governmental organization) was created in April 1998 and an action plan announced.

Participatory processes

43. The creation of a climate and the strengthening of capacity for constructive interaction between the Government and civil society are a critical component of long-term peace-building and development. Empowering individuals, groups and communities and enabling their participation strengthens civil society and the basis for development. The salient initiative of the Government during the review period concerned participation at the local level. On 23 December, Parliament approved open municipal elections throughout the country, with the exception of the so-called security belt, and in about 20 towns and villages in areas of displacement where reconciliation has yet to take place (mainly in Aley, Baabda, Chouf and West Bekaa Cazas). Parliament also approved the election of mayors and their deputies by council members. For the first time in more than 35 years, municipal elections for the present 650 municipalities and for the local mokhtars took place between 24 May and 14 June. The organization of municipal elections has been a particularly important event as they are expected to greatly contribute to the democratic process and to reactivate community and socio-economic life at the local level. It is expected that the issue of administrative decentralization will soon be addressed by the Government. Another salient initiative to promote participation, at the national level, was the initiative of the Prime Minister to hold national consultations on economic policy with the main economic partners. A two-day seminar was convened on the subject on 21 and 22 July 1997. The seminar provided an occasion to exchange points of view and ideas on improving the relevance and efficiency of macroeconomic policy and on reactivating and diversifying the economy. The seminar contributed to triggering a change in the national recovery strategy. Again, in February 1998, the Prime Minister, to meet the concern of Parliament and the public in general, held a series of national consultations focusing specifically on ways to finance key development projects. In this connection, support is expressed for institutionalizing consultations among economic and social partners at the national level through the establishment and activation of the planned Economic and Social Council. A notable development has been the rapidly growing working relationship between the Ministry of Environment and NGOs, which benefit from government allocations to implement agreed agendas of work.

44. Civil society also took a number of initiatives to promote participatory processes during the review period. A three-year programme, Monitoring Democracy (1997–1999), to raise democratic awareness among future generations and to recommend a system of democracy suitable for Lebanon, was announced by the Joseph and Laure Moghaizel Association in October. The programme is funded by the European Union. A programme of cooperation to promote dialogue between Parliament and civil society, funded by the Canadian International Development Agency, was initiated in 1997. It is implemented by the Lebanese NGO Forum, in cooperation with the Canadian Parliamentary Centre (with support from Canada and the European Union). The participation of women in public life and in the development process received considerable attention during the review period through initiatives of the National Council for Lebanese Women and, in particular, of civil society (René Mouawad Foundation, Friedrich Ebert Stiftung and Amel Association). Similarly, the subject of youth development and expectations was the subject of different forums initiated and organized by civil society, targeting youth from universities, NGOs and scouts. A number of youth development programmes were also initiated or strengthened.

Strengthening of systems of justice

45. A predictable and reliable legal system is essential for good governance and democratization. Access to legal and judicial services as well as efficient functioning of the system are issues. The commission of experts, chaired by the Minister of Justice, entrusted with the modernization and improvement of laws in different sectors continued its work. During the review period there have been repeated calls from specialized civil society organizations to improve conditions of detention in Lebanese prisons. It was reported that prison conditions were substandard and that detention conditions must be regulated, if only on a humanitarian basis. The Government has since taken measures towards improving the situation, in priority at the main Roumieh prison. The issue of juvenile delinquency has also come into focus during the review period. A seminar on the subject late in 1997 concluded the need for serious reform of the juvenile system. A project to address the issue of juvenile delinquency was formulated by the Centre for International Crime Prevention of the United Nations and will be implemented by UNDP in the summer of 1998. UNICEF, in cooperation with the Centre, has supported a programme of training for, *inter alia*, judges, lawyers and social workers.

Strengthening of public institutions and reinforcing of civil society

46. As indicated in the present report, the Government is engaged in a major programme of rehabilitation of the public administration and the formulation of a long-term reform strategy. Throughout the review period there have been remarkable initiatives and activities by civil society organizations, particularly in the areas of social services, environment and local and community development. These activities concerned a large number of national and regional initiatives and meetings on different subjects relating to peace and development. At present, many of the activities remain within the context of raising awareness, spreading knowledge and exchanging experience. More thought ought to be given to devising approaches, arrangements and mechanisms that will enable civil society organizations to act as powerful levers for the formulation of policies and the taking of decisions in the public sector. In addition, civil society organizations were actively engaged in raising awareness and promoting different aspects of the peace and development process through national and regional meetings and seminars. The remarkable thrust of activity at the upstream level is indicative of the potential role of the different components of civil society in national policy-making in the short to medium-term future. Capacity-building in the civil society sector, both of individual organizations and groups of organizations, has been the subject of increased action. In particular, the activities of the Lebanese Foundation for Permanent Civil Peace, with respect to the development of civil society in the country, and of the International Management Training Institute (YMCA) are singled out.

VI. Role and activities of the United Nations system: summary and conclusion

47. The major challenge facing Lebanon is the transformation from emergency reconstruction to sustainable longer-term development. A priori, this implies the further strengthening of national security and enhancing social integration, the former as a priority through the implementation of Security Council resolution 425 (1978) and the latter, in particular, through return of the displaced and their socio-economic rehabilitation. Achieving national objectives will be facilitated by the implementation of the notable shift in the recovery strategy undertaken during the review period. The shift involved increased emphasis on

balanced sectoral and regional development and mobilizing increased private investment and private sector participation in reconstruction and development. The Government also decided to move towards integrating in the global economy.

48. Lebanon has a strong basis for peace-building and development. Efforts must be geared to further reinforcing different aspects of good governance and of empowerment and participation of civil society in development. Openness and strong entrepreneurial skills are strong assets, which again explain the resilience of the Lebanese economy in the recent period and which eventually will enable the country to benefit from the ample opportunities of globalization and future peace in the region.

49. The transformation from emergency reconstruction to sustainable longer-term development also assumes continued political and economic stability, which provides a necessary, but not sufficient, basis for rapid growth, a key national objective. Public deficits must be brought down to sustainable levels on a permanent basis, with a view to stopping the escalation of public debt. Importantly, fiscal adjustment must be accompanied by administrative reform. At the same time, high levels of investment will continue to be required to enable the implementation of the reconstruction and development programme. This necessarily will imply a greater role for the private sector in financing, rebuilding and the operation of the physical infrastructure.

50. To cope with the requirements of reconstruction and development and with the adjustments necessitated by globalization – but also to seize the full range of opportunities – national efforts have to be stepped up to address structural problems, disparities and rigidities. In addition to reducing macroeconomic imbalances, there are other major policy challenges to be addressed. There is an urgent need to reform and modernize the public administration; to deal with environmental concerns; and to bring into the mainstream of development to outlying areas and to disadvantaged population groups. Moreover and most importantly, increased action is required to provide maximum support and to create opportunities for human resources development – the country's main asset.

51. National commitment and perseverance to advancing the different aspects of the recovery process remained strong and unfailing throughout the recent period, notwithstanding continued and increasing regional uncertainty. The national efforts deployed have enabled the mobilization of considerable levels of international support and explain the relatively rapid recovery, taking into account the overall context. However, increased efforts are required to achieve more rapid commitment of available development finance and its disbursement.

52. The United Nations system has continued to perform a supporting role in the national programme of reconstruction and development, making a modest financial contribution when compared to the totality of commitments and disbursements. However, the United Nations system contribution is important in view of the selection of strategic programme interventions. United Nations system support is mainly provided for capacity development and has targeted issues and areas, which are at the basis of successful and sustainable development in the longer term. The United Nations system, in the first place, has provided direct technical support through a wide range of programmes and projects addressing, as a priority, the human and sustainability dimensions of development. Increased importance has been given to the formulation and establishment of programme frameworks, which serve to manage and coordinate implementation of sector-wide or thematic support and which provide the basis for resource mobilization to complement seed money provided by United Nations organizations.

53. The United Nations system has also continued to provide policy advice in such areas as strategic options for people-centred development, reform of the public administration and preservation and management of the environment, as well as on specific issues falling within the mandate of the United Nations specialized and technical agencies. The United Nations system has further continued to disseminate information and to undertake advocacy for sustainable human development and for the promotion of the objectives and targets laid down in, and for compliance with, the provisions of international conventions and plans of action. One important initiative was the UNDP Media Award for Sustainable Human Development, launched at the end of June 1997 and to be awarded in July 1998. The award and related supporting activities seek to promote and reward excellence in reporting on development. The effectiveness and efficiency of United Nations system assistance have been greatly enhanced by collaborative action; efforts in this respect are to be continued and increased, including the establishment of a common United Nations system programme framework. It is noted that there have been good working relationships and examples of collaborative action between the Bretton Woods institutions and the organizations of the United Nations system. There appears to be scope for further collaboration, particularly in dealing with the human and sustainability dimensions of development. The Bretton Woods institutions play a central role in supporting the national authorities in public policy-

making and in private sector development; the World Bank is a major financing source, active in all key sectors of the recovery programme.

54. The Government is strongly commended for the achievements and performance in the initial period of recovery in general and in the review period in particular. The commendation is to be extended to the Government's initiative to shift the recovery strategy into new directions, better addressing public concerns and strengthening the basis for private sector development in the long term. The approach and experience of Lebanon in dealing with the initial recovery and reconstruction in the post-conflict complex emergency period constitute an example to be shown and considered in a wider context.

55. The Government is encouraged to ensure conditions for smooth implementation of the next phase. This implies fully achieving national security and eliminating the sequels of war through completing the return and rehabilitation of displaced persons in all regions and strengthening the foundations for peace-building and development. It also means meeting the key policy challenge of fiscal adjustment, accompanied by administrative reform.

56. To improve the efficiency and impact of the reconstruction and development efforts in the next phase, it is recommended that the Government: on the one hand, increase efforts and disbursements for programmes and projects dealing with the human and sustainability dimensions of development; and, on the other, strengthen coordination in the management of infrastructure development and capacity development. The full range of possibilities for technical cooperation should be seized and exploited, including through sector or thematic programme management frameworks. The full mobilization of the national potential for the recovery, in particular of expatriate Lebanese, could open new perspectives and greatly contribute to the implementation of the reconstruction and development of the country.

57. Donors are called upon to continue and increase their support for the reconstruction and development of Lebanon, in particular through making concessionary financing available. In addition, donors are invited to review possibilities for extending increased grant funding, specifically for capacity development with respect to human and sustainability dimensions of development. Continued and increased donor support is requested for further strengthening the basis for peace-building and development, through good governance programmes and civil society participation.

58. Organizations of the United Nations system and of the Bretton Woods institutions are invited to increase efforts to achieve collaborative planning and implementation of programmes and projects. Organizations of the United Nations system are to pursue the possibility of increasing the use of programme management frameworks. Increased efforts are required to further mobilize resources for the implementation of capacity development programmes and of field-based operations in support of the return and rehabilitation of displaced persons, alternative development to illicit cropping in the Baalbeck-Hermel district and rehabilitation and development of the socio-economic potential in southern Lebanon. Continued information and advocacy action of United Nations organizations, in cooperation with national development partners, in support of national objectives and targets derived from international instruments and plans of action are strongly supported.

Notes

[1] Reports presented to the Economic and Social Council in the past years provided an account of the initiatives and action of the Government and national partners and the response of the international community, in particular the United Nations system, in dealing with the different aspects of the post-conflict complex emergency that affected Lebanon for nearly two decades (1975–1990).

[2] The Council for Development and Reconstruction is the national government agency responsible for planning, mobilization and coordination of external financing, implementation of large-scale and complex projects and monitoring and control of the implementation of the reconstruction and development programme. A number of projects are executed by line ministries through the regular budget and by other public agencies, particularly the Major Projects Council, through external funding.

[3] Council for Development and Reconstruction, Progress Report, Beirut, January 1998, 67 pp. The report can also be accessed on home page: www.cdr.gov.lb.